

# **LAND MANAGEMENT SERVICES**

**ANNUAL REPORT**

**1998-1999**



**Minister of  
Government Services**

Legislative Building  
Winnipeg, Manitoba, CANADA  
R3C 0V8

July 31, 1999

The Honourable P. Liba  
Lieutenant Governor of Manitoba  
Room 235 Legislative Building  
Winnipeg MB R3C 0V8

May It Please Your Honour:

I have the honour of presenting the Fourth Annual Report of the Land Management Services Agency for the fiscal year ended March 31, 1999.

Respectfully submitted,

A handwritten signature in cursive script that reads "Franklin Pitura".

Franklin Pitura  
Minister



**Deputy Minister of  
Government Services**

332 Legislative Building  
Winnipeg, Manitoba, R3C 0V8

Telephone: (204) 945-4414  
Facsimile: (204) 945-1857

May 26, 1999

The Honourable Franklin Pitura  
Minister Responsible for the  
Land Management Services Agency  
Government Services  
Room 330 Legislative Building  
Winnipeg MB R3C 0V8

Dear Mr. Minister:

I am pleased to submit, for your consideration, the Fourth Annual Report of the Land Management Services Agency for the fiscal year ended March 31, 1999.

The Agency has made positive progress in providing improvements to its operations, services and financial performance in the 1998/99 fiscal year, while operating under the Special Operating Agency (SOA) initiative.

The Agency's Advisory Board is pleased with the success of the Agency and encouraged by the commitment of its employees and the support of its stakeholders.

Respectfully submitted,

Gerry Berezuk  
Acting Deputy Minister and Chairperson of the  
Manitoba Government Services SOA Advisory Board



*Our Past. Our Future. Our Celebration.  
Notre passé. Notre avenir. Notre fête.*



## LAND MANAGEMENT SERVICES

308-25 Tupper Street North  
Portage la Prairie MB R1N 3K1

September 29, 1999

Gerry Berezuk  
Acting Deputy Minister of  
Manitoba Government Services  
332 Legislative Building  
Winnipeg MB R3C 0V8

Dear Mr. Deputy Minister:

It is with great pleasure that I present the Fourth Annual Report of Land Management Services Agency (LMS) for the fiscal year ended March 31, 1999.

This report provides an overview of the Agency and outlines our accomplishments during our fourth year (1998/99) as a Special Operating Agency (SOA).

LMS's fourth year was highlighted by a continued growth in sales, not only to the Province, but to Municipal Governments as well. The Agency continued to develop client services, providing online reporting for clients.

The management and staff of LMS have worked together to make the Agency an efficient customer oriented organization providing clients with timely cost-effective services. The staff is to be commended for their professionalism and dedication to customer service.

Respectfully submitted,

Doug Parnell  
Chief Operating Officer

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**MISSION STATEMENT**

to provide quality, comprehensive land management services  
to various levels of Government Departments, Boards,  
Commissions, Corporations and Agencies.

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## **FINANCIAL HIGHLIGHTS - 1998/99**

(Amounts in Thousands)

<b>INCOME STATEMENT</b>	Income before expenses	\$ 2,806.6
	Expenses	\$ 2,642.7
	Net Income	<u>\$ 163.9</u>

<b>BALANCE SHEET</b>	Working Capital	\$ 291.0
	Total Assets	\$ 2,136.3
	Total Liabilities	<u>\$ 1,299.3</u>

## **PERFORMANCE HIGHLIGHTS - 1998/99**

<b>APPRAISAL/NEGOTIATION</b>	Agreements taken	208
	Appraisals completed	132
	Expropriations	<u>27</u>

<b>PROCESSING</b>	Files processed	<u>2,530</u>
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<b>SALES AND LEASING</b>	Sale/Rental of property proceeds <sup>(1)</sup>	\$ 1,151.8
	Proceeds relinquished <sup>(2)</sup>	\$ 137.0
	Proceeds marginal sales	<u>\$ 7.4</u>

(1) Sale/Rental revenue (before adjustments for taxes and LMS fees) with net proceeds returned to Consolidated Fund.

(2) Appraised property values not collected when transferring property between Government Departments and Agencies. This amount is included in the Sale/Rental of property proceeds (1). Properties transferred between Government Departments/Agencies are normally transferred with the receiving Department/Agencies paying only LMS' fees, but not the appraised value of the property.



## **OUR MISSION**

To provide comprehensive land management services to various levels of Government Departments, Boards, Commissions, Corporations and Agencies.

## **OUR GOAL**

To be the prime supplier of centralized, "one-stop shopping" real estate services to the Manitoba public sector using an optimal blend of internal and external resources.

## **OUR OBJECTIVES**

- To be a proactive participant in identifying properties surplus to Government requirements;
- To prepare and market for sale, properties identified as surplus to Government requirements;
- To review the appropriateness of assessments levied against Government properties and file appeals as required;
- To provide efficient and effective property management services that offer better value for money than clients could otherwise achieve;
- To achieve financial and other performance targets as the Minister of Government Services may from time-to-time decide, through consultation with the Deputy Minister and the Assistant Deputy Minister;
- To run Agency operations, as far as practical, according to best business practices;
- To maintain and renew equipment and other assets, to achieve operational needs, using appropriate methods of investment;
- To follow best public and private sector employment practices and to improve staff involvement to the greatest degree practicable, in all aspects of operations;
- To continually assess the Agency's policies and procedures in relation to overall efficiency and effectiveness.



## **MESSAGE FROM THE CHIEF OPERATING OFFICER**

On behalf of the management and staff, I am pleased to report on the activities, challenges and directions of Land Management Services (LMS).

1998/99 represents the fourth year of operation for LMS as a Special Operating Agency (SOA).

An effectiveness review conducted by internal audit, profiled a number of positive changes which have occurred since becoming a SOA which resulted in our operations being more business like and focussed on customer service. Other recommendations included LMS continuing as a mandated service agency for land related transactions by Departments of the Manitoba Government. This recommendation was formally authorized during the approval of LMS's 1990/00 Business Plan.

### **HIGHLIGHTS OF THE YEAR**

LMS undertook a project to protect 10,000 files which were identified as being at risk in event of a disaster. The pertinent data has been entered into the Agency's electronic media for storage internally and offsite.

LMS installed a bar coding system and developed a program for electronic tracking of files in process throughout the office. This enables a file location to be determined simply by entering the file number at any personal workstation in the office.

LMS conducted a year 2000 compliance audit and is able to report that its systems are all compliant.

LMS was called upon to purchase land on behalf of the Department of Natural Resources to enable them to construct a number of ring dykes in southern Manitoba. These projects are underway.

The Department of Health, in conjunction with the Regional Health Authorities has engaged LMS to appraise various sites in both the City of Winnipeg and Rural Manitoba. These projects are ongoing.

LMS continues to review the appropriateness of assessed values on Government properties. As a result of the reviews conducted this year, a total assessment reduction of \$23,962.2 has been achieved resulting in a saving of approximately \$910.5 in annual grants in lieu of taxes.

LMS attained a net income of \$163.9 compared to a budgeted net income of \$563.3. The shortfall of \$399.4 is made up of income deferred, pending the outcome of the Red River Community College assessment review.

I again acknowledge the contribution of our staff who work hard to assist in our success. I also acknowledge the strong support and guidance received from our Advisory Board and senior management. Continued support by our clients is greatly appreciated and acknowledged.

D.A. Parnell  
Chief Operating Officer

## **REVIEW OF OPERATIONS**

Specific objectives/performance targets of the Agency were identified in the 1998/99 Business Plan and support LMS' operating principles. Four critical success factors, fundamental to LMS's long-term success of service excellence and customer satisfaction were identified. The following review of these critical success factors outlines the related progress and accomplishments during the past year.

### **FOSTER EMPLOYEE COMMITMENT TO THE SUCCESS OF THE AGENCY.**

In 1998/99 all employees participated in an organizational review of the Agency. Employee input resulted in improved operational/administrative relationships, better internal communications and more clearly defined goals. Monthly staff meetings with an emphasis on employee input and quarterly newsletters have enabled LMS to cultivate an environment responsive to employee and customer needs.

All employees are regularly given training in new technology and on going training specific to individual job positions.

### **PREPARE FOR THE AVAILABILITY OF NEW MARKETS.**

The LMS client base has increased from 27 in 1996/97 to a total of 65 clients in the 1998/99 fiscal year, an increase of 141%. Clients ranged from Provincial Government Departments, Agencies and Corporations such as The Manitoba Housing and Renewal Corporation and Regional Health Authorities, to clients from other jurisdictions such as the City of Winnipeg, the Federal Government and Rural Municipalities.

### **UPDATE THE MANAGEMENT INFORMATION SYSTEM**

Taking advantage of improved communications via the World Wide Web, LMS has developed online project reporting to client departments, giving clients immediate access to project status, costing and budget data. Using the same technology, LMS has developed online reporting for all remote employees. These developments save considerable time and travel costs for LMS and ultimately reduced costs to clients.

Development of internal reporting systems, integrating all Management Information Systems has enabled management to access current reporting for all activities of the Agency.

LMS has developed a document management and file library system. These systems reduce file retrieval time by providing the actual location of files at all times.

LMS is also engaged in scanning 2.5 million legal documents into digital format. This database is being integrated with current document management systems to protect critical records and give access to complete land transaction records in one system.

### **DEVELOP THE CONFIDENCE OF GOVERNMENT AND OTHER STAKEHOLDERS IN THE ABILITIES OF THE AGENCY TO PERFORM**

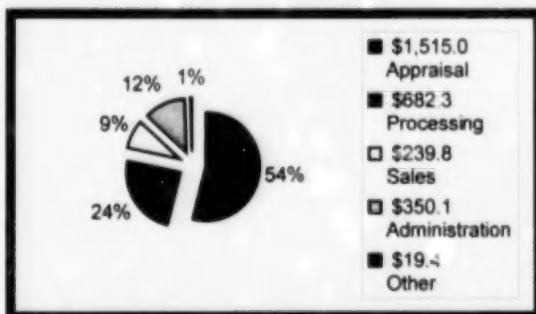
LMS achieved a net income of \$163,900 for the 1998/99 fiscal year, compared to the targeted net income of \$563,300. Contingency revenues not recognized until the 1999/00 fiscal year and pension and severance liabilities not budgeted for, account for the shortfall. A detailed analysis of actual revenues and expenses is outlined in the following Management Discussion and Analysis section.

## ACTUAL TO BUDGET FINANCIAL ANALYSIS

### REVENUES:

LMS offers a centralized and comprehensive professional real estate service on a fee-for-service basis, to support activities, which are unavailable from the existing private sector services. Actual revenues of \$2,806.6 were achieved for the 1998/99 fiscal year, which exceeded budgeted revenues of \$2,749.0 by \$57.6 or by 2.1%. The breakdown of the revenue sources by LMS activity is as follows:

**SOURCE OF REVENUES**  
(in thousands)



LMS receives approximately 90% of its revenues from the Provincial Departments of Highways and Transportation, Natural Resources and The Manitoba Housing and Renewal Corporation.

### EXPENSES:

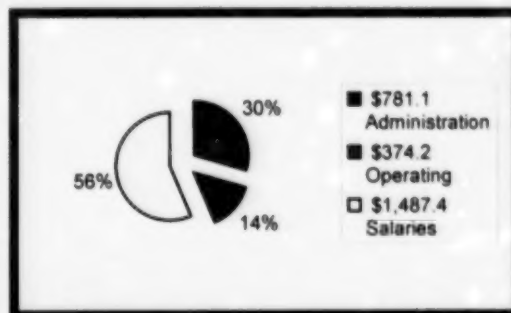
Total expenses for fiscal 1998/99 were \$2,642.7 compared to the budgeted amount of \$2,185.7

The variance consists of:

- unbudgeted expenditures for tax assessment appeals of \$229.0;
- data entry costs of \$48.0 to safe guard 10,000 at risk critical files;
- additional amortization of \$77.0;
- \$85.0 for computer maintenance and Y2K compliance;
- and unbudgeted amounts for severance and pension liability of \$18.0.

LMS has made significant improvements in the monitoring and controlling of expenditures. Improved systems to ensure accurate cost recoveries from client departments, coupled with continuous monitoring of spending have been implemented to provide the Agency with cost saving opportunities and to ensure budget targets are being met.

**SOURCE OF EXPENSES**  
(in thousands)



## **OPERATIONAL STATUS**

### **APPRAISAL AND ACQUISITION ACTIVITIES**

In the 1998/99 fiscal year, this section served 22 clients and received 154 requests for new projects. During this fiscal year 132 projects were completed, some of which were started in 1997/98.

A total of 203 properties were acquired for department or agency projects. Of these 131 were for Manitoba Highways and Transportation, 71 for the Water Resources Branch of Manitoba Natural Resources and 1 for Manitoba Government Services. A total of 673.7 acres of land was acquired at a cost of \$4,228.8 and 27 properties were expropriated.

A total of 278 appraisals have been completed for Manitoba Emergency Measures Organization since the commencement of its program. The total estimated value of the property appraised to date is approximately \$22,162.0.

The Manitoba Housing and Renewal Corporation assessment appeals for the 1998 tax base year, resulted in 29 properties being appealed to the Board of Revision. Of those 29 properties, 25 received a reduction in assessments totaling \$13,993.6. The remaining 4 properties were appealed to the Municipal Board resulting in a further reduction in assessments of \$2,809.7.

For the 1999 tax base year 324 properties were appealed to the Board of Revision. Out of those 324 properties, 177 received a reduction in assessments totaling \$7,158.9; 81 properties have been appealed to the Municipal Board and the decisions are pending. The remaining 66 properties were withdrawn.

### **PROCESSING ACTIVITIES**

During the fiscal year, the Agency processed 2,530 files of which 360 were current and previous fiscal year acquisition files and 2,170 were backlog files finalizing 202 registered survey plans. 8 expropriation projects affecting 10 owners were undertaken this year. In addition, 27 survey plans were certified for registration, generating additional backlog files for future processing.

The processing section performed 459.5 hours of work on behalf of client departments and dealt with 221 additional files requiring miscellaneous processing functions at the request of client departments or affected land owners.

A total of 4,077 backlog files committed the acquisition of land for the Water Resources Branch of Manitoba Natural Resources, which require completion. LMS estimated the processing costs and disbursements to be approximately \$1,266.1 plus tax adjustments. Tax adjustments payable are estimated at \$96.1 with interest calculated to December 31, 1998. The balance of the land compensation payable is estimated to be \$15.4 with interest calculated to December 31, 1998.

**SALES AND LEASING ACTIVITIES**

Proceeds of \$1,151.8 was realized from the sale or lease of surplus Government land and buildings on behalf of 8 client departments during 1998/99. A further \$137.0 in sale revenue was relinquished as a result of the internal transfer of land from one Department/Agency to another without payment of market value.

Agency activities also encompass the ongoing conveyance of abandoned railway rights-of-way, based on 1981 and 1987 Gifting Agreements. At the end of 1998/99 a total of 1,506 parcels have been sold to individuals. 90 of these parcels are pending conveyance to the purchasers because their adjacent land is mortgaged. These files will be finalized as the mortgages are discharged.



## **Sale of Surplus Property**

The Province has expressed a desire to liquidate property surplus to the current requirements of government. As a Continuous Improvement Initiative, LMS reviewed the process of identifying surplus property. That review prompted LMS to request each Department to identify surplus property that is subject to payment of a grant-in-lieu of taxes. However, Departments have been reluctant to identify property for disposal because once the property has been sold, the Department may be required to allocate funding from its appropriation to cover disposal fees which exceed the revenue generated by the sale.

To solve the funding problem, Treasury Board approved an annual \$200.0 allocation from LMS' retained earnings to cover the fees and disbursements incurred to dispose of these surplus properties.

The decision taken by Treasury Board to allocate funds for the disposal of marginal valued surplus property will contribute significantly to the reduction of the annual Government budget and generate revenue to pay down the debt. That saving will be achieved largely through the elimination of ongoing costs incurred for payment of grants-in-lieu of taxes and maintenance responsibilities.

In addition, the sale of surplus property, regardless of its value, will absolve the Government from any of the potential liability responsibilities associated with owning property.

During 1998/99 175 parcels of marginal valued land were identified for disposal.

The activities undertaken resulted in the following:

- 20 parcels were sold for a total of \$7,475;
- 2 parcels are currently being leased;
- 11 parcels were revested to adjoining owners;
- 12 parcels to be transferred to the Crown Lands Branch of Manitoba Natural Resources;
- 32 parcels are awaiting a final review by Manitoba Highways and Transportation prior to commencing the disposal process;
- 46 parcels have been offered to adjacent owners. Those sales are still pending;
- 19 parcels were withdrawn;
- 23 parcels require research prior to offering them for sale;
- and 10 parcels are not surplus.

## **ADVISORY BOARD**

**Supporting the Initiative** The Advisory Board's role in support of the Agency is to offer advice and direction on short and long-term strategic planning, management and reporting, as well as issues of concern to our customers and to the private and public sectors. The Board meets quarterly to review the Agency's Financial Reports, and annually to review the Business Plan, Annual Report, and any planned changes to the Agency's Charter.

<b>Chair</b>	<b>Gerry Berezuk</b> Acting Deputy Minister Manitoba Government Services	
<b>Secretary</b>	<b>Rod Higgins</b> Assistant to the Deputy Minister Manitoba Government Services	
<b>Members</b>	<b>Norm Fiske</b> Partner Sill Streuber Fiske & Co.	<b>Private Sector Representatives</b>
	<b>Raymond West</b> Past Chairman of the Board A.E. McKenzie Co. Ltd.	
	<b>John Hosang</b> Assistant Deputy Minister Manitoba Highways & Transportation	<b>Client Representatives</b>
	<b>Al Macatavish</b> Vice President Transmissions and Distributions Manitoba Hydro	
	<b>Lawrence Mayer</b> Assistant to the Chief Operating Officer Land Management Services	<b>Staff Representative</b>
	<b>Courtney Fulford</b> Financial Officer Land Management Services	<b>Finance Representative</b>
	<b>Gerry Berezuk</b> Assistant Deputy Minister Manitoba Government Services	<b>Ex Officio</b>
	<b>Doug Parnell</b> Chief Operating Officer Land Management Services	<b>Ex Officio</b>



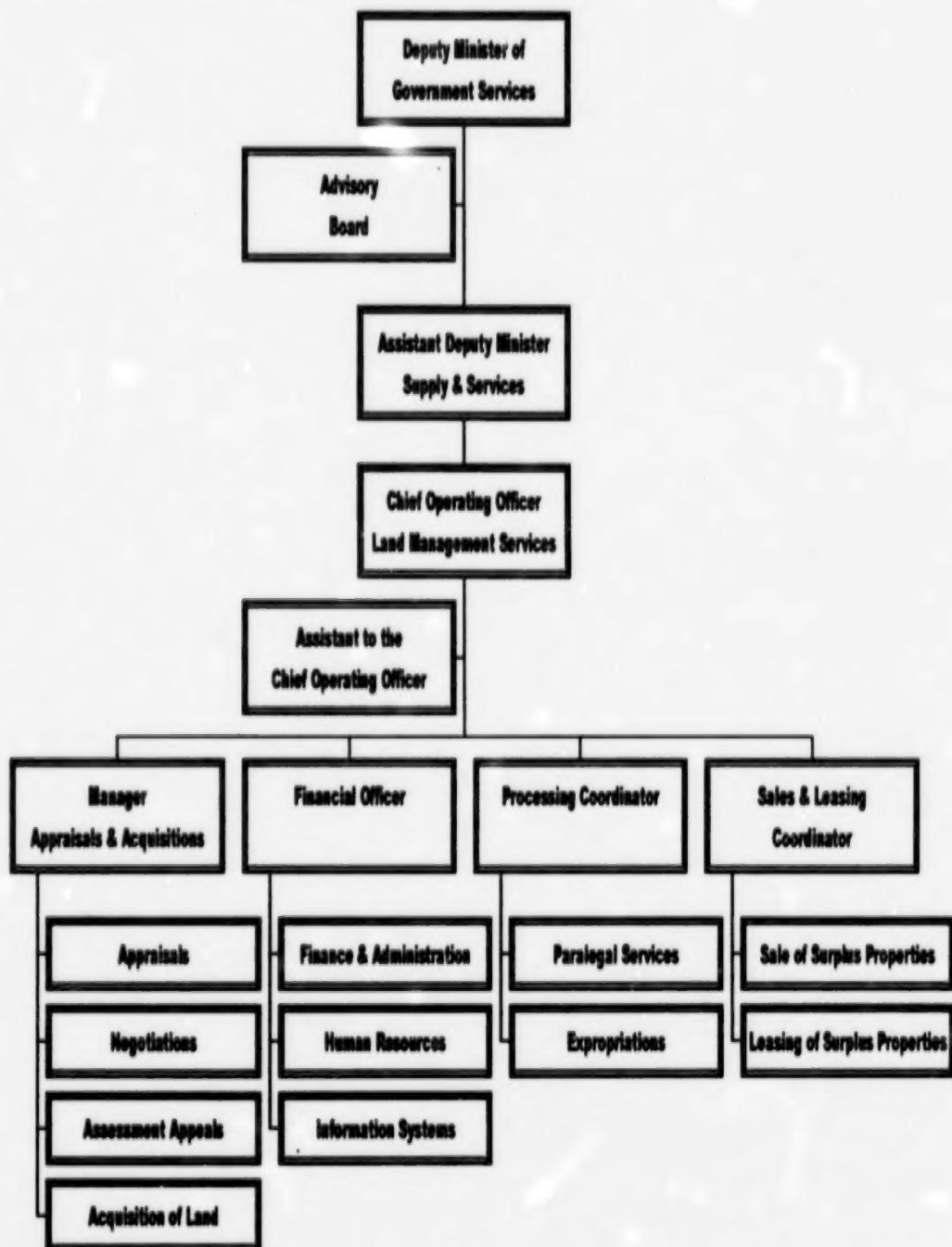
## LAND MANAGEMENT SERVICES LOCATIONS

<b>Portage la Prairie</b>	308 – 25 Tupper Street North Portage la Prairie MB R1N 3K1	Phone: (204) 239-3510 Fax: (204) 239-3560 Email: <a href="mailto:info@lms.gov.mb.ca">info@lms.gov.mb.ca</a>
<b>Brandon</b>	304 – 340 9 <sup>th</sup> Street Brandon MB R7A 6C2	Phone: (204) 726-6774 Fax: (204) 726-6749 Email: <a href="mailto:wesman@lms.gov.mb.ca">wesman@lms.gov.mb.ca</a>
<b>Dauphin</b>	27 – 2 <sup>nd</sup> Avenue SW Dauphin MB R7N 3E5	Phone: (204) 622-2045 Email: <a href="mailto:efroese@lms.gov.mb.ca">efroese@lms.gov.mb.ca</a>

## AGENCY CONTACTS

<u>CONTACT</u>	<u>TELEPHONE</u>	<u>E-MAIL</u>
Doug Parnell Chief Operating Officer	239-3520	<a href="mailto:dparnell@lms.gov.mb.ca">dparnell@lms.gov.mb.ca</a>
Lawrence Mayer Assistant to the Chief Operating Officer	239-3521	<a href="mailto:lmayer@lms.gov.mb.ca">lmayer@lms.gov.mb.ca</a>
Courtney (Corky) Fulford Financial Officer	239-3522	<a href="mailto:cfulford@lms.gov.mb.ca">cfulford@lms.gov.mb.ca</a>
Rae Csversko Manager, Appraisal and Acquisition	239-3561	<a href="mailto:raec@lms.gov.mb.ca">raec@lms.gov.mb.ca</a>
Rod Kent Coordinator, Sales and Leasing	239-3526	<a href="mailto:rkent@lms.gov.mb.ca">rkent@lms.gov.mb.ca</a>
Rachelle Leclerc Senior Processing Clerk	239-3538	<a href="mailto:rleclerc@lms.gov.mb.ca">rleclerc@lms.gov.mb.ca</a>

## ORGANIZATION CHART



**FINANCIAL STATEMENTS**

**APPENDIX "A"**  
**(WINTEMUTE RANDLE KILIMNIK)**

LAND MANAGEMENT SERVICES  
FINANCIAL STATEMENTS  
MARCH 31, 1999

**LAND MANAGEMENT SERVICES**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 1999**

**LAND MANAGEMENT SERVICES**

**MARCH 31, 1999**

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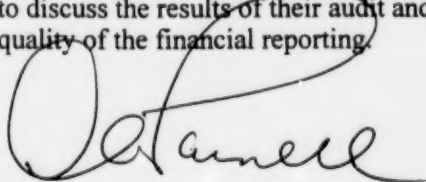
**Land Management Services  
An Agency of the  
Special Operating Agencies Financing Authority  
Province of Manitoba  
Responsibility of Financial Reporting**

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The Agency's management is responsible for the financial statements and other financial information in the annual report. This responsibility includes maintaining the integrity and objectivity of financial data and the presentation of the Agency's financial position and the results of operations in accordance with generally accepted accounting principles. The financial statements have been audited by Wintemute Randle Kilimnik, independent external auditors.

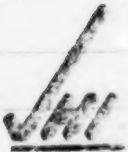
The Agency maintains a system of internal controls throughout its operation that provides reasonable assurance that the transactions are authorized, properly recorded and reported and that the assets are safeguarded.

The Advisory Board meets regularly with management to review accounting practices, financial reporting and to discuss audit results. The auditors have free and full access to this Board, and to discuss the results of their audit and their views on the adequacy of internal controls and the quality of the financial reporting.



Doug Parnell  
Chief Operating Officer

May 4, 1999



**WINTEMUTE  
RANDLE  
KILIMNIK**

**AUDITORS' REPORT**

To the Special Operating Agencies Financing Authority

We have audited the balance sheet of Land Management Services, an Agency of the Special Operating Agencies Financing Authority, Province of Manitoba as at March 31, 1999 and the statements of income and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

*Wintemute Randle Kilimnik*

**CHARTERED ACCOUNTANTS**

Winnipeg, Manitoba  
May 4, 1999





**LAND MANAGEMENT SERVICES**  
 (An Agency of The Special Operating Agencies Financing Authority - Province of Manitoba)

**BALANCE SHEET**  
 (In Thousands)  
 AS AT MARCH 31, 1999

	<u>1999</u>	<u>1998</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and short-term deposits	\$ -	\$ 442.6
Accounts receivable	514.1	645.0
Accounts receivable - Province of Manitoba	320.4	320.4
Work in process	231.1	149.2
Prepaid expenses	<u>238.7</u>	<u>0.7</u>
	1,304.3	1,557.9
 PENSION TRUST, note 7	 286.0	 -
 CAPITAL, notes 2 and 3	 <u>546.0</u>	 <u>418.6</u>
	<u>\$ 2,136.3</u>	<u>\$ 1,976.5</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Working capital payable, note 4	\$ 191.8	\$ -
Accounts payable and accrued liabilities	191.1	379.7
Accounts payable - Province of Manitoba	<u>403.6</u>	<u>-</u>
	786.5	379.7
 PENSION LIABILITY, note 7	 286.0	 204.3
SEVERANCE LIABILITY, note 8	<u>194.9</u>	<u>187.5</u>
	480.9	391.8
 FUNDS HELD IN TRUST	 31.9	 31.9
<b>EQUITY</b>		
 RETAINED EARNINGS	 <u>837.0</u>	 <u>1,173.1</u>
	<u>\$ 2,136.3</u>	<u>\$ 1,976.5</u>
 CONTINGENCY, note 5		

**LAND MANAGEMENT SERVICES**  
**(An Agency of The Special Operating Agencies Financing Authority - Province of Manitoba)**

**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**(In Thousands)**  
**YEAR ENDED MARCH 31, 1999**

	<u>1999</u>	<u>1998</u>
RECOVERIES	\$ 2,787.2	\$ 2,591.8
OTHER INCOME	<u>19.4</u>	<u>17.4</u>
INCOME BEFORE EXPENSES	<u>2,806.6</u>	<u>2,609.2</u>
EXPENSES		
Administrative, page 11	781.1	410.8
Operating, page 11	374.2	308.0
Wages and benefits, note 6	<u>1,487.4</u>	<u>1,464.8</u>
	<u>2,642.7</u>	<u>2,183.6</u>
NET INCOME	163.9	425.6
RETAINED EARNINGS, beginning of year	<u>1,173.1</u>	<u>1,247.5</u>
	1,337.0	1,673.1
REVENUE SHARING - Province of Manitoba	<u>(500.0)</u>	<u>(500.0)</u>
RETAINED EARNINGS, end of year	<u>\$ 837.0</u>	<u>\$ 1,173.1</u>
CONTINGENCY, note 5		

**LAND MANAGEMENT SERVICES**  
 (An Agency of The Special Operating Agencies Financing Authority - Province of Manitoba)

**STATEMENT OF CHANGES IN FINANCIAL POSITION**  
 (In Thousands)  
**YEAR ENDED MARCH 31, 1999**

	<u>1999</u>	<u>1998</u>
<b>OPERATING ACTIVITIES</b>		
Working capital from operations		
Net income	\$ 163.9	\$ 425.6
Add: non-working capital charges		
Amortization	<u>132.1</u>	<u>74.0</u>
	<u>296.0</u>	<u>499.6</u>
 (Increase) decrease in non-cash working capital balances		
Accounts receivable	130.9	(168.3)
Work in process	(81.9)	456.9
Prepaid expenses	(238.0)	13.3
Pension trust	(286.0)	-
Accounts payable and accrued liabilities	(188.6)	(2.0)
Pension liability	81.7	187.5
Severance liability	7.4	72.9
Sale of surplus properties	403.6	-
Funds held in trust	<u>-</u>	<u>(144.4)</u>
	<u>(170.9)</u>	<u>415.9</u>
 Cash from operations	125.1	915.5
 <b>FINANCING ACTIVITIES</b>		
Revenue sharing paid	(500.0)	(500.0)
 <b>INVESTING ACTIVITIES</b>		
Additions to capital assets	<u>(259.5)</u>	<u>(298.4)</u>
 <b>INCREASE (DECREASE) IN CASH</b>	(634.4)	117.1
 CASH, beginning of year	<u>442.6</u>	<u>325.5</u>
 CASH, end of year	<u>\$ (191.8)</u>	<u>\$ 442.6</u>
 <b>REPRESENTED BY:</b>		
 Cash and short-term deposits	\$ -	\$ 442.6
Working capital payable	<u>(191.8)</u>	<u>-</u>
	<u>\$ (191.8)</u>	<u>\$ 442.6</u>

**LAND MANAGEMENT SERVICES**  
(An Agency of The Special Operating Agencies Financing Authority - Province of Manitoba)

**NOTES TO FINANCIAL STATEMENTS**  
(In Thousands)  
**MARCH 31, 1999**

**1. NATURE OF ORGANIZATION**

In 1965, The Land Acquisition Act was passed into law, bringing the Land Acquisition Branch into existence to provide a consistent process of real estate acquisition by government.

Effective April 1, 1995, the Land Acquisition Branch, under the operating name Land Management Services ("LMS"), was designated as a Special Operating Agency pursuant to The Special Operating Agencies Financing Authority Act, Cap. s185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council.

LMS is financed through the Special Operating Agencies Financing Authority (SOAFA). The Financing Authority has the mandate to hold and acquire assets required for and resulting from LMS operations. It finances LMS through repayable loans and working capital advances. The financial framework provides increased management authority which, coupled with more rigorous planning and reporting requirements afforded by Special Operating status, assist LMS to sustain the provision of high quality land acquisition services to its clients.

A Management Agreement between the Financing Authority and the Minister of Government Services assigns responsibility to LMS to manage and account for LMS related assets and operations on behalf of the Financing Authority.

LMS continues to be part of the Department of Government Services under the general direction of the Assistant Deputy Minister, and ultimately the policy direction of the Deputy Minister and Minister.

LMS remains bound by relevant legislation and regulations. It is also bound by administrative policy except where specific exemptions have been provided for in its charter in order to meet business objectives.

The Financing Authority is economically dependent on the Province of Manitoba. Currently, the Financing Authority derives most of its revenue and all of its capital financing requirements from the Province.

**LAND MANAGEMENT SERVICES**  
**(An Agency of The Special Operating Agencies Financing Authority - Province of Manitoba)**

**NOTES TO FINANCIAL STATEMENTS**  
**(In Thousands)**  
**MARCH 31, 1999**

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the LMS have been prepared in accordance with generally accepted accounting principles. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

**(a) Capital Assets**

Capital assets are recorded at cost and are amortized annually at the following rates and bases:

Computer software and equipment	- 20%, straight-line basis, 10% in year of acquisition, software purchases less than \$1.0 are expensed in the year of acquisition
Equipment - office	- 20%, straight-line basis, 10% in year of acquisition on purchases over \$1.0

**3. CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>1999 Net Book Value</u>	<u>1998 Net Book Value</u>
Computer software and equipment	\$ 752.2	\$ 230.8	\$ 521.4	\$ 403.1
Equipment - office	<u>38.6</u>	<u>14.0</u>	<u>24.6</u>	<u>15.5</u>
	<u>\$ 790.8</u>	<u>\$ 244.8</u>	<u>\$ 546.0</u>	<u>\$ 418.6</u>

**LAND MANAGEMENT SERVICES**  
**(An Agency of The Special Operating Agencies Financing Authority - Province of Manitoba)**

**NOTES TO FINANCIAL STATEMENTS**  
**(In Thousands)**  
**MARCH 31, 1999**

4. **WORKING CAPITAL**

LMS has an authorized line of working capital of \$800.0 of which \$191.8 was used as at March 31, 1999.

5. **CONTINGENCY**

During the prior year, Red River Community College engaged LMS to act on its behalf with regards to the 1996 property tax assessment. The terms of the engagement are such that LMS will earn 30% of the reduction in the property tax bill. It is estimated that the assessment is overstated by approximately \$10,000.0. The appeal was heard by the Municipal Board in September 1998 and the Municipal Board has not rendered a decision. As the outcome is uncertain, no revenue relating to this engagement has been recorded by LMS.

6. **THE PUBLIC SECTOR COMPENSATION DISCLOSURE ACT**

It is a requirement of The Public Sector Compensation Disclosure Act that annual public disclosure be made of individual compensation exceeding \$50.0 annually to any officer or employee of the Agency. The following employees received compensation in excess of \$50.0:

<u>Name</u>	<u>Position</u>	<u>1999 Amount</u>	<u>1998 Amount</u>
Doug Parnell	Chief Operating Officer	\$74.4	\$73.3
Raeburn Csversko	Manager Appraisals/Acquisitions	\$58.3	\$57.4
Garfield Minkus	Property	\$54.5	\$52.6
Wes Shewchuk	Property	\$53.9	\$50.3
Scott Millar	Property	\$50.9	\$50.1
Richard Staub	Property	\$50.4	\$ -

**LAND MANAGEMENT SERVICES**  
(An Agency of The Special Operating Agencies Financing Authority - Province of Manitoba)

**NOTES TO FINANCIAL STATEMENTS**  
(In Thousands)  
**MARCH 31, 1999**

**7. PENSION LIABILITY**

LMS is responsible for the pension liability incurred for their employees from the date of designation as a SOA. LMS has recorded this obligation effective for the year ended March 31, 1998. LMS will continue not to be a funded employer and will not turn funds over to the Superannuation Fund to administer. Instead, LMS will deposit in this account an amount equal to the pension liability recorded at March 31, 1998, plus an amount equal to employee contributions from April 1, 1998 to date. The methodology for calculating the liability has been determined in conjunction with the Province, which accepts responsibility for pension liability for prior service, as well as for any variance resulting from the calculation.

**8. SEVERANCE PAY BENEFITS**

Effective April 1, 1998, the LMS is recording accumulated severance pay benefits for its employees. Severance pay is determined by multiplying years of service, to a maximum of fifteen years, by the weekly salary at date of retirement, provided the employee reaches nine years of service and retires from LMS. The estimate is based upon the method of calculation set by the Province of Manitoba.

The Province has accepted responsibility for the severance benefits accumulated by the Agency's employees to March 31, 1998. Accordingly, the opening severance pay liability as at April 1, 1998 of \$187.5 was completely offset by a receivable from the Province. There are no terms of repayment for this receivable, and the amount will remain fixed at \$187.5.

The March 31, 1998 figures have been restated to provide comparative information for the severance pay liability and the corresponding receivable from the Province.



**LAND MANAGEMENT SERVICES**  
(An Agency of The Special Operating Agencies Financing Authority - Province of Manitoba)

**NOTES TO FINANCIAL STATEMENTS**  
(In Thousands)  
**MARCH 31, 1999**

9. **YEAR 2000 COMPLIANCE**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Agency's ability to conduct normal operations. The Agency has completed a comprehensive review of its computer systems to identify the systems that could be affected by the Year 2000. The Agency presently believes that it has completed all modifications and is 100% ready for the Year 2000 as at March 31, 1999.

**LAND MANAGEMENT SERVICES**  
**(An Agency of The Special Operating Agencies Financing Authority - Province of Manitoba)**

**SCHEDULE OF EXPENSES**  
**(In Thousands)**  
**YEAR ENDED MARCH 31, 1999**

	<u>1999</u>	<u>1998</u>
<b>ADMINISTRATIVE</b>		
Amortization	\$ 132.1	\$ 74.0
Bad debts	-	21.1
Contributed services	16.7	-
Computer maintenance	442.1	107.5
Human resources overhead	20.2	20.1
Occupancy costs	117.4	133.1
Other	12.6	5.1
Supplies	28.5	25.6
Training	<u>11.5</u>	<u>24.3</u>
	<u>\$ 781.1</u>	<u>\$ 410.8</u>
<b>OPERATING</b>		
Printing, postage and advertising	\$ 84.3	\$ 57.4
Professional fees	116.6	104.8
Telephone	65.2	60.0
Travel and accommodation	<u>108.1</u>	<u>85.8</u>
	<u>\$ 374.2</u>	<u>\$ 308.0</u>

**FINANCIAL STATEMENTS**      **APPENDIX "B"**  
**(SALE OF SURPLUS PROPERTIES)**  
**(WINTEMUTE RANDLE KILIMNIK)**

LAND MANAGEMENT SERVICES  
FINANCIAL STATEMENTS  
MARCH 31, 1999

**LAND MANAGEMENT SERVICES  
SALE OF SURPLUS PROPERTIES  
MARCH 31, 1999**



**WINTEMUTE  
RANDLE  
KILIMNIK**

**AUDITORS' REPORT**

To Land Management Services

We have audited the statement of receipts and disbursements of the Sale of Surplus Properties for the year ended March 31, 1999. This financial statement is the responsibility of the Agency's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, this financial statement presents fairly, in all material respects, the receipts and disbursements of the Sale of Surplus Properties for the year ended March 31, 1999, in accordance with generally accepted accounting principles.

*Wintemute Randle Kilimnik*

**CHARTERED ACCOUNTANTS**

Winnipeg, Manitoba  
May 4, 1999



DELOITTE & TOUCHE  
DELOITTE HENRY INTERNATIONAL

LAND MANAGEMENT AGENCY  
SALE OF SURPLUS PROPERTIES  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
YEAR ENDED MARCH 31, 1999

Total Receipts	\$ 650,765
Total Disbursements	<u>247,147</u>
Receipts Over Disbursements	<u>\$ 403,618</u>

NOTE: In 1998, a program submission to the Government to identify and market land surplus to Government needs was approved.

The program was designed to relieve Government departments of the financial burden of marketing and disposal. Proceeds from the sale of surplus properties for all departments are held in trust with all marketing and disposal costs paid from the proceeds. Any surplus of proceeds over costs are returned to the consolidated fund annually.